

Waltham Retirement Board

PERAC Approval Date	Regulation Number	Investment Regulation/Supplemental Regulation
September 10, 2002	16.08	<p>The Waltham Retirement Board is authorized to withdraw the funds currently held in its large cap value mandate with Cutler & Company and temporarily place the proceeds in State Street Global Advisors' Russell 1000 Value Index pending the selection of a permanent replacement manager.</p> <p>This temporary authorization extends through December 31, 2002</p>
April 9, 2001	16.08	<ol style="list-style-type: none"> 1. Exemption of the Board and INVESCO from the second sentence of 840 CMR 17.04(1)(c) – This Regulation deals with the use of non-public information by managers and consultants. PERAC recognizes that, in making the investments contemplated by the INVESCO Funds delineated above, that sentence, which prohibits action until information is publicly disseminated, represents an undue burden on the ability of the Partnerships to operate. Consequently, the Waltham Retirement Board request as it applies to 840 CMR 17.04(1)(c) is approved. 2. Exemption of the Board and INVESCO from 840 CMR 17.04(6), except as otherwise provided for in the Partnership Agreement and/or as disclosed in INVESCO's Form ADV – This Regulation deals with the Priority of Transactions and an investment manager's obligation to prioritize board transactions and provide the board with the opportunity to act prior to the manager acting, if applicable. PERAC recognizes that this Regulation may impede the ability of partnerships such as INVESCO's to operate. Upon receipt of a copy of the provisions of the Partnership Agreement and/or disclosures in the INVESCO Form ADV, the Commission will approve the Waltham request as it applies to 840 CMR 17.04(6). 3. Exemption of the Board and INVESCO from 840 CMR 17.04(7)(a), provided that INVESCO shall disclose to PERAC and the Board in writing, at the time of any investment by a Partnership, any beneficial ownership of the securities involved and/or any related conflict of interest INVESCO expects will impair its ability to render unbiased and objective advice to such Partnership concerning such investment – PERAC is unable to approve the Waltham request as it applies to 840 CMR 17.04(7)(a) at this time. In the event the request is further refined, we would be pleased to once again review its provisions.

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		<p>4. Exemption of the Board and INVESCO from 840 CMR 19.01(7)(a)(6) with respect to the management fees and the General Partner's Carried Interest to be received by the manager or the General Partner pursuant to the (a) Subscription Agreement, (b) Agreement as defined in the side letter, and/or (c) Manager's Investment Advisory Agreement with respect to the Board's commitments to the Partnerships – PERAC recognizes the fact that the market, at the present time, is such that fee limitations, as outlined in these Regulations, result in limiting the number of partnerships available to the retirement boards. Consequently, the Waltham Retirement Board request, as it applies to 840 CMR 19.01(7)(a)(6), is approved.</p> <p>5. Exemption of the Board and INVESCO from 840 CMR 21.01(2), 21.01(3)(a), 21.01(4), 21.01(5), 21.01(6), and 21.01(9) to the extent as otherwise permitted under the applicable agreement – These Regulations prohibit certain transactions as follows: 21.01(2) prohibits the sale of securities not owned by the system at the time of the sale (short sales); 21.01(3)(a) permits the use of forward currency contracts in limited circumstances; 21.01(4) prohibits the use of call options; 21.01 (5) prohibits the purchase of options other than as required to close out option positions; 21.01 (6) prohibits investment in lettered or restricted stock (with the exception of those investments that are venture capital investments, and; 21.01(9) prohibits loans to employees or individuals. PERAC has received a letter dated August 22, 2000 from INVESCO that clarifies the possible use of options, futures, or other derivatives. In pertinent part, the letter states as follows:</p> <p>“Although the above referenced funds do not expect to use options, futures, or other derivatives other than infrequently, if at all, futures and/or options would be used only for non speculative true hedging purposes. In general, we would anticipate their use, if at all, for among other reasons to protect downside risk on public securities of companies distributed to the funds by the underlying portfolio funds we invest in and where a commitment to a fund was made in a non US currency to limit currency risk of the funds.”</p> <p>PERAC approves the exemption of the Board and INVESCO from 840 CMR 21.01(2), 21.01(3)(a), 21.01(4), and 21.01(5) for the limited purpose of protecting downside risk on public securities of companies distributed to the funds by underlying portfolio funds and to limit currency risk of the funds where a commitment to a fund was made in a non US currency.</p>
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January 18, 2001	16.08	<p>In accordance with PERAC Investment Guideline 99-2, the Waltham Retirement Board may modify its existing small-cap value mandate with Earnest Partners to include mid-cap value. Following the termination of its existing mid-cap value manager, the Board has decided not to hire a new manager for that mandate but to consolidate its small-cap value and mid-cap value mandates under the management of Earnest Partners. The Board has had a positive relationship with Earnest Partners, with favorable investment results, and is comfortable with the firm's capabilities in mid-cap value. As a result of this modification, Earnest Partners will have greater flexibility in its investment process and the Board will achieve consolidation in its investment structure as well as reduced management expenses.</p>
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